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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

26 May 1961

STAFF MEMORANDUM NO. 29-61 (Internal ONE Working Paper -
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SUBJECT: Outlook in Turkey

1. The achievements of the military regime in Turkey during its year in power have been modest. Despite certain accomplishments in the economic and military fields, the results achieved by the regime in its efforts to reform Turkish political life have not been impressive. In considerable part this is due to the intractable nature of the problem they faced, but lack of political understanding and conflicts within the ruling group have also been influential factors.

Political Affairs

2. The Committee of National Union (CNU) ousted Menderes' Democrat Party (DP) government a year ago because it opposed his efforts to establish one-party rule. The CNU feared this would either lead to civil war or require the armed forces to

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3. Subsequently a serious split arose between a group of the younger officers who argued that the CNU should retain power to carry out extensive economic and social reforms, and the more conservative members of the CNU, who believed the CNU should return power to civilian hands once the necessary steps had been taken to prevent a repetition of the Menderes period. This conflict was resolved in favor of the more conservative -- and senior -- officers late in 1960, when fourteen members of the CNU were ousted because of a threatening power struggle over this issue.

4. During the past five months the regime has begun to move, cautiously and at times a bit clumsily, toward returning

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power to civilian hands. In January a bicameral Constituent Assembly was established primarily to draw up a new constitution and electoral law. While the CNU acts as the upper house, the lower house was chosen by various official and private organizations, thus permitting some popular participation, although the CNU retains ultimate power. All indications are that the Constituent Assembly, including the CNU, have been striving seriously to complete its work at an early date. The regime has permitted new political parties to be organized, and limited political activity is now allowed in preparation for the national elections the regime has promised by October of this year.

5. At the same time, little progress has been made to date toward one of the regime's major goals, the creation of a new party or group of parties that could replace the dissolved Democrat Party without being merely the DP under a new name. While many CNU members favor the RPP, they clearly do not want it to win an overwhelming victory lest it be tempted to resort to authoritarian rule. Menderes retains the loyalties of a large number of former DP members despite the regime's efforts to show that he was guilty of serious wrongdoing. The CNU members are concerned to protect themselves against reprisals by preventing

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Menderes followers from regaining power. Political bitterness appears to continue high between Inonu's RPP and the leaderless but still loyal DP members, although this is largely denied expression by the regime. Two or three of the fourteen new political parties -- such as the New Turkey Party and the Justice Party -- show some potential for growth and have attracted a considerable number of local DP leaders.* While the regime is in favor of new parties seeking to obtain the support of former DP members, it also fears that some of the new parties may simply become captives of the new DP members. In view of the continued existence of informal ties between local DP units, such fears probably have considerable justification.

6. Thus the regime faces the crucial decision as to whether or not to carry out its promise to hold national elections without having created what it can regard as a politically reliable successor to the Democrat Party. In addition, it faces the difficult decision as to what to do with Menderes and ex-President Bayar and their key followers when their

* The New Turkey Party is a moderately liberal party, while the Justice Party has a more conservative orientation.

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trials are concluded, probably in mid-summer. Any decision the regime makes will cause it numerous difficulties. If it executes the former leaders political tensions are likely to increase sharply, and anti-regime demonstrations may occur. If the military leaders do not eliminate Bayar and Menderes, however, they cannot feel safe in relinquishing power lest the former DP leaders later regain positions of authority. On balance, we believe the military leaders will execute Bayar, Menderes and a few of their close associates as necessary to insure their future safety, and that the regime will be able to control any outbreaks that occur as a result.

7. Although there probably are still some members of the GNU who are doubtful about the wisdom of holding national elections, the key figures still seem intent on turning over power to an elected civilian government. Anti-regime demonstrations in connection with the Menderes trial might cause new doubts, however, as would any indications that the DP -- under whatever name -- was likely to regain any significant influence as a result of elections. Under such circumstances, the regime might decide to postpone elections for a few additional months. Nevertheless, in view of the regime's repeated public promises to terminate direct military rule and the opposition it would

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face from all parties if it reneged, we do not believe that the regime will postpone elections much beyond the present schedule. However, it will almost certainly retain the power to intervene against any political group which it considers a threat to the safety of its members.

8. The RPP is clearly in the best position to contest such elections. In addition to the leadership of former President Inonu, the RPP is now the best organized party in the country and has a large and loyal following. At the same time, its popularity apparently has declined in recent months due to its association with the occasionally inept military regime. (It has the largest number of members in the lower house of the Constituent Assembly.) Whether or not this loss of support is remedied by the time of elections, the RPP is likely to emerge with at least a plurality and probably a majority of seats in the new assembly.

9. Even a clear-cut RPP victory, however, would not necessarily introduce political stability. The RPP itself is divided into factions, and there is no clear heir-apparent to the aging Inonu. In addition, the leaders of the armed forces are likely to play a more active role in Turkish affairs in the future, if for no other reason than to assure their

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safety under future governments. The constitution now being drawn up apparently will provide seats in the upper house for CNU members. General Gursel may seek the office of president of the republic if his health permits, and General Madanoglu -- now the dominant member of the CNU -- is a likely choice for chief of staff. Whatever the form this participation takes, the fact that the military seized power will reduce the inhibitions on their doing so again. In addition, any new government will face growing popular pressure for social and economic reforms. There are signs -- particularly in urban areas -- that a growing proportion of the people are becoming dissatisfied with their lot. Whether any of the existing parties will be able to satisfy these aspirations is still uncertain. At this time all that can be said is that none of the parties appear to be basing their programs on the need for social and economic reforms.

Economic Prospects

10. The major obstacles to Turkish economic growth -- the lack of an integrated investment plan and an end to the present business uncertainty -- cannot be removed by the Gursel regime as long as it remains only a transitional government. The

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present government has recognized the need for an integrated investment program to replace the uncoordinated public spending programs of earlier years, and a National Planning Office has been established. However, the regime's preoccupation with political affairs and the inherent difficulties of a temporary government drawing up a long-term plan have prevented much progress.

11. Thus in the economic field the government has concentrated its energies on laying the groundwork for future advances. It has halted work on many uneconomic projects, and has adhered more closely than did the Menderes regime to the stabilization program worked out by the International Monetary Fund. For example, when the government decided early in 1961 that an increase in government expenditures was necessary it levied the necessary taxes to pay for them rather than abandon the stabilization program by a renewed reliance on deficit financing.

12. Despite the government's generally sound economic policies, the Turkish economy is presently stagnant. The unsettled political conditions, and the resultant uncertainty as to future economic policies, have caused a slowdown in domestic trade and a postponement of many private investment projects. The financial discipline required to implement the

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stabilization program, while contributing to the reduced economic activity, is also squeezing many inefficient firms out of business and forcing others to concentrate on improved efficiency after years of easy profits and little concern for production costs. While a sharp increase in agricultural output in 1960 enabled gross national product to rise about 5 percent, the 1961 harvest appears likely to be no better than last year's, so GNP probably will increase little if any this year.

13. Despite its success in curtailing inflation in Turkey, the stabilization program has not yet contributed much to increasing Turkey's exports and thus making possible future economic expansion without an increasing balance of payments deficit. (It has, however, succeeded in reversing the trend toward growing reliance on Bloc countries as an export market.) Exports in 1960 were about 11 percent below the 1959 level, and declined a further 17 percent in the first quarter of this year. The slower tempo of economic activity this year has reduced imports even more sharply, however, and this reduction combined with the extensive foreign aid being made available -- chiefly from the US, West Germany, and the IMF -- probably will result in a modest balance of payments surplus during 1961. Nevertheless, unless Turkey is able to expand its exports

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considerably in the next few years it will be unable -- barring significantly increased foreign aid -- to embark on a new period of economic expansion.

Military Affairs

14. The junta's seizure of power diverted the energies of many military leaders from the primary mission of the armed forces. More unsettling, however, was the retirement of over 4,000 Turkish officers late in 1960 to reduce the size of the overgrown officer corps to a more appropriate size. Despite the disruptions caused by so drastic a program, it will probably eventually result in increased efficiency within the armed forces. In addition to this action, the regime apparently is considering a significant reduction in the size and a major reorganization of the Turkish armed forces. In part this is due to a belief that Turkey cannot afford to modernize an army the size of its present one, and that a smaller, more modern army may be more useful than a large force which lacks what they regard as adequate modern equipment. In connection with this plan the military leaders apparently are also considering placing greatly increased emphasis on guerrilla warfare training as well suited to the country's needs and the people's abilities

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in the event of a Soviet invasion. Although it is still unclear whether these ideas represent the convictions of the military leaders or are primarily regarded as bargaining tools for more US aid, a thorough re-examination of the type of forces the country needs probably is being made.

Foreign Policy

15. The Gursel regime has hewed to the main lines of past Turkish foreign policy. Promptly after coming to power, it gave assurances that it would fully honor Turkey's foreign commitments -- notably NATO and CENTO -- and it has in fact done so. There are, to be sure, some indications that the GNCU believes Menderes was not sufficiently tough or independent in asserting Turkish interests vis-a-vis the US. This feeling has not materially affected Turkey's foreign policy. Nonetheless, the regime has shown itself somewhat more stiff-necked in dealing with the US than was Menderes. It is, for example, more inclined to ask greater assistance from the US in return for the use of Turkish facilities and to seek more explicit assurances from NATO. It has been somewhat less interested in fostering pro-West influence in the Middle East generally -- a conspicuous proclivity of Menderes. On the whole, it may

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bargain harder, but the dominant characteristic of its foreign policy remains a high degree of hostility toward the USSR and an acute awareness of Turkey's need for strong US support and assistance.

16. We anticipate no significant changes in Turkey's foreign policy while the CNU holds power. While there may be some present or former members of the junta -- such as Col. Turkes -- who would prefer to see Turkey more assertive of its independence, this would be in the Ataturk tradition of isolation rather than a move toward the Bloc. However, even if such divisions do obtain within the CNU, they are distinctly secondary to internal differences over domestic affairs, and we think it unlikely that a split within the CNU would hinge on foreign policy or lead to changes in it.

17. Soviet tactics toward the Gursel regime has been opportunistic and ambivalent. The USSR clearly welcomed the downfall of the outspokenly pro-West Menderes, and almost certainly hoped that the revolutionary regime would, if only as a reaction, move toward neutralism or at least toward more friendly relations with the USSR. The Soviets made prompt offers of large-scale trade and economic aid (which were

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courteously received by the Gursel government, apparently given some serious consideration, and then in effect rejected -- at least for the present.) The Soviet embassy in Ankara has continued its efforts to cultivate the regime -- with little apparent success. On the other hand, Soviet propaganda has clearly reflected disappointment over the Gursel government's continued pro-West policies and its persistent distrust of the Bloc. This kind of approach will probably continue to characterize Soviet policy toward Turkey--whether or not the Gursel government gives way to a civilian successor -- so long as the USSR has any hope of loosening Turkey's western ties.

18. So far as can be foreseen now, no likely civilian successor to the CNU would want to change Turkey's foreign policy. The RPP leadership is virtually as committed to a NATO policy and fundamentally to reliance on US support as either Menderes or Gursel. Within these limits, however, a future government may be more inclined than past governments to accept modest amounts of Soviet aid. It would probably be less active in pursuing pro-West objectives in the Arab world, but essential differences would be small.



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